

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 2/23/2010

GAIN Report Number: TH0038

Thailand

Post: Bangkok

Government Re-Issues Rice Tender

Report Categories:

Grain and Feed

Approved By:

Gary Meyer, Agricultural Counselor

Prepared By:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

TH0038 The Government re-issued a tender for rice stocks on February 22 for March – July delivery, despite controversy among politicians, millers, and farmers related to the impact on prices.

After cancelling the January 21, 2010 rice tender destined for exports (TH0016: “Status of Government Tender Unclear,” 1/29/2010), the Government re-issued a tender on February 22 for March – July 2010 delivery, despite controversy among politicians, millers, and farmers on concerns that this measure would add downward pressure to declining domestic prices. This month alone, domestic prices for 5% grade white rice have declined by 7-10 percent from levels of 17,200 baht/ton (\$521/MT).

The retender will include 501,849 tons of old-crop intervention stocks from MY2007/08 – MY2008/09, of which 350,206 tons are 5% grade white rice, and 151,643 tons are Pathumthani fragrant rice (Table 1) for export only. Initial bidding prices are expected on February 23. Under the tender’s terms, if offers are not suitable, the Government has the right to renegotiate until it deems that a reasonable price has been attained. As a reference point for prices, the Government will use the current market price minus an amount attributed to the stock’s “depreciation”, which shall be calculated using a pro-rata discount rate of 5– 50 percent (Table 2).

Table 1: The Government's Intervention Stock Tender on February 22, 2010

Quality	Crop	Tender (Ton)
White rice		
5% grade	MY2007/08 second crop	149,709
5% grade	MY2008/09 main crop	200,497
Total		350,206
Pathumthani Fragrant Rice		
	MY2007/08 second crop	100,417
	MY2008/09 main crop	51,226
Total		151,643
Grand total		501,849

Source: Department of Foreign Trade

Table 2: Depreciation for Intervention Stock

Inventory Days (Year)	Depreciation	
	(%)	(US\$/MT)
1	5	26
2	15	78
3	30	156
4	50	260

Source: National Rice Policy Committee, February 12, 2010

It is expected that fewer exporters will participate in the tender, as many believe contracts are unlikely to be awarded. Bidding prices are expected to be lower than the Government’s reference prices (current market price minus “depreciation”).

End of report.